

**Transitional Aid Application for Application Years CY 2010/SFY 2011**  
**Division of Local Government Services**  
**Department of Community Affairs**

**General Instructions:** This application must be submitted in its entirety by July 16 (for CY 2010) and September 30 (for SFY 2011) for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Local Finance Notice **2010-14** when preparing this application for specific instructions and definitions.

<b>Name of Municipality:</b>		Township of Montclair		<b>County:</b>	Essex
<b>Contact Person:</b>		Marc D. Dashield		<b>Title:</b>	Township Manager
<b>Phone:</b>	973-509-4926	<b>Fax:</b>	973-783-8826	<b>E-mail:</b>	mdashield@montclairnjusa.org
<b>Population:</b>					

**I. Aid History**

List amount of Discretionary Aid (Extraordinary, Special Municipal, or Capital Cities) received for the last three years, if any:

Prior Year	Previous Year	Previous less one year
\$ 0	\$ 0	\$200,000.00

**II. Aid Request for Application Year**

<b>Amount of aid requested for the Application Year:</b>	<b>\$ 1,000,000</b>
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*An aid request does not constitute guarantee of receipt of any funds.*

**III. Submission Requirements**

Without exception, the following items must be submitted with or prior to submission of this application. Indicate date of submission of each.

Item	Date Submitted to DLGS
Prior Year Annual Financial Statement	4-9-10
Previous Year Annual Audit	11-30-09
Previous Year Audit Corrective Action Plan	1-7-10
Application Year Introduced Budget	4-9-10
Budget documentation submitted to governing body	4-6-10

**IV. Application Certification**

The undersigned herewith certify that they have reviewed this application and, to the best of their ability, find its contents to be true and that it accurately portrays the circumstances regarding the municipality's fiscal practices and need for financial assistance. By submitting the application, the municipality acknowledges that the law provides that the decision of the Director regarding aid awards is final and not subject to appeal.

Official	Signature	Date
Acting Chief Executive Officer		
Governing Body Presiding Officer		

<b>Application Year CY 2010/SFY 2011</b>	Municipality: Montclair	County: Essex
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Acting Chief Financial Officer		
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**V-A. Explanation of Need for Transitional Aid**

Explain the circumstances that require the need for Transitional Aid in narrative form. Include factors that result in a constrained ability to raise sufficient revenues to meet budgetary requirements, and if such revenues were raised, how it would substantially jeopardize the fiscal integrity of the municipality. (See item B-5 in Local Finance Notice 2010-14 for details)

The Township of Montclair’s municipal finances have been severely affected by the current economic downturn. Unfortunately, the Township has seen a drastic reduction in revenues over last year. This drastic reduction in revenues is the catalyst for the request for transitional aid. The proposed CY budget 2010 only increases by 1.2 million dollars while the municipal levy increases 4.4 million dollars, as a result of the tremendous decreases in revenues for 2010. The 3.2 million dollar reduction in local revenues has constrained the Township’s ability to raise local revenues for 2010. The Township’s major revenues have decreased as illustrated below:

Description	2009 Budget	2010 Budget	Decrease
Surplus Anticipated	3,350,000.00	1,500,000.00	-1,850,000.00
Interest on Investments	361,000.00	87,000.00	-274,000.00
Uniform Construction Code	852,000.00	686,000.00	-166,000.00
Parking Authority Revenue	1,138,000.00	785,000.00	-353,000.00
Municipal Court	1,618,000.00	1,424,000.00	-194,000.00
		<b>Total</b>	<b>-2,837,000.00</b>

With the revenue decreases not likely to improve, the current fiscal conditions will result in a permanent change in the Township’s revenue structure. As a result, the residents of the Township must make up for this considerable revenue shift through increased property taxation resulting in an 11% or \$453.00 increase in their property taxes.

The award of transitional aid will allow the Township to make the transition from its previous revenue base to what is expected to be the new normal. Receipt of this aid would allow the Township the opportunity to manage this major change over time, thereby reducing the possibility of creating unsustainable core service reductions or unacceptable tax increases.

**V-B Alternate Eligibility Calculation**

Complete this section only if Discretionary aid **was not** received in the prior year. If the requirements of this section are met, this application must also reflect that the criteria in Section B, items 2-7 of Local Finance Notice 2010-14 are met.

**Part 1** calculates loss of equalized value. If there is a loss of *2% of equalized value*, the eligibility criteria is met and the rest of the form does not have to be completed.

If 2% the criteria is **not** met, continue with Part 2 to identify individual revenue losses (exclusive of State CMPTRA/ETR formula aid reductions) or specific, extraordinary appropriation increases (pursuant to Local Finance Notice 2010-14, Item B-8).

<b>Part 1 – Eligibility of Value Loss</b>	<b>Current Year County Equalization Table County Apportionment</b> (a)	<b>Prior Year Director’s Table Equalized Value</b> (b)	<b>Decrease</b> (c)
<b>Equalized Value Reduction</b>	\$7,391,363,685	\$7,409,467,770	\$18,104,085
<b>Percent of loss from prior year (c) divided by (b) as percent:</b> <b>If this exceeds 2%, stop and proceed to the next page.</b>			<b>0.244%</b>

**Part 2 – Demonstration of Revenue Loss/Substantial Cost Increase**

Complete Part 2 if eligibility was not met in Part 1. Show extraordinary revenue losses (exclusive of State CMPTRA/ETR aid reductions), but not as the aggregate of many revenue line items; or specific, extraordinary appropriations. Describe the item on the cell below each entry.

<b>Revenue or Appropriation</b>	<b>Prior Year Value</b>	<b>Current Year Value</b>	<b>Amount of Loss/Increase</b>
	\$ 3,350,000	\$ 1,500,000	\$ 1,850,000
<b>Description:</b>	Surplus anticipated		
	\$ 1,138,000	\$ 785,000	\$ 353,000
<b>Description:</b>	Parking Authority Revenue Sharing - Montclair		
	\$ 361,000	\$ 82,000	\$ 279,000
<b>Description:</b>	Interest on investments and deposits		
	\$ 1,618,000	\$ 1,424,000	\$ 194,000
<b>Description:</b>	Fees and Permits – Municipal Court		
	\$ 4,613,800	\$ 5,344,284	\$ 730,484
<b>Description:</b>	Employee Group Insurance		
	\$ 2,737,000	\$ 3,462,000	\$ 725,000
<b>Description:</b>	Reserve for Uncollected Taxes		
	\$ 5,223,099	\$ 5,756,618	\$ 533,519
<b>Description:</b>	Contribution to PERS and P&FRS		

**V-C Actions to reduce future need for aid**

Detail the steps the municipality is taking to reduce the need for aid in the future. Include details about long-term cost cutting and enhanced revenue plans, impact of new development, potential for grants to offset costs, and estimated short and long-term annual savings. Use additional pages if necessary.

Understanding that the current revenue shortfall represents a permanent structural change in the financial structure of the Township, we have already taken considerable steps toward future cost containment strategies.

First, the Township has reduced its workforce by 12 personnel. These cost savings will be spread between 2010 (\$125,000.00) and 2011 budgets (\$125,000.00).

Second, the Township has invested in the development of a long term debt management model to forecast and control capital investments. This investment has already yielded results. The review of our debt assisted the Township in accelerating the permanent financing of school debt resulting in a long term savings. The Township is now reviewing the possibility of accelerating the permanent financing of additional debt for long term savings.

In addition, the Township was also able to negotiate a wage freeze (1.5% increases) for the non-uniform unions which will not only reduce the current year expenditures but also the compounding impact as a result of previously negotiated contracts.

The Township is engaging in the review of additional department restructuring opportunities that can be realized in the 2011 budget. These opportunities may include the consolidation of departments which could yield an estimated saving of \$100, 000.00.

The Township has taken an aggressive attitude towards medical insurance cost. Montclair has pushed for increased competition in the area of prescription coverage. This aggressive stance has allowed the Township to negotiate a proposed renewal rate increase from 362.30 to \$328.65 a 10% reduction..

## VI. Historical Fiscal Statistics

Item	Actual Previous Year	Actual Prior Year	Introduced Application Year
<b>1. Property Tax/Budget Information</b>			
Municipal tax rate	\$ .589	\$ .612	.683
Municipal Purposes tax levy	\$43,196,172.83	\$44,901,247	\$50,025,800
Municipal Open Space tax levy	\$ -	\$ -	\$ -
Total general appropriations	\$68,097,844.73	\$69,226,078	\$70,687,550
<b>3. Cash Status Information</b>			
% Of current taxes collected	98.02%	98.17%	%
% Used in computation of reserve	98.41%	98.44%	98.12%
Reserve for uncollected taxes	\$2,689,000	\$2,737,000.00	\$3,462,000.00
Total year end cash surplus	\$3,519,999	\$1,537,572.09	
Total non-cash surplus	\$ -	\$ 2,282.65	
Year end deferred charges	\$ 655,800	\$ 108,400.00	
<b>4. Assessment Data</b>			
Assessed value (as of 7/1)	\$7,324,562,300	\$7,336,676,131	\$7,323,196,626
Average Residential Assessment	\$ 656,000	\$ 653,200	\$ 651,700
Number of tax appeals granted	848	467	
Amount budgeted for tax appeals	\$ 75,000	\$ 150,000	\$ 300,000
Refunding bonds for tax appeals	\$ 960,000	\$ 1,680,000	\$ -
<b>5. Full time Staffing Levels</b>			
Uniformed Police - Staff Number	109	109	106
Total S&W Expenditures	\$10,054,117	\$10,054,117	\$ 9,820,195
Uniformed Fire - Staff Number	88	88	88
Total S&W Expenditures	\$ 8,120,066	8,202,087	8,286,625
All Other Employees - Staff Number	212.5	205.5	188
Total S&W Expenditures	\$12,300,815	\$12,425,066	\$11,364,806
<b>6. Impact of Proposed Tax Levy</b>			
			<b>Amount</b>
Current Year Taxable Value			7,323,196,626
Introduced Tax Levy			50,025,799.87
Proposed Municipal Tax Rate	.683	Average Res. Value ( #4 above)	651,700.00
Current Year Taxes on Average Residential Value (#4 above) - Municipal			4,451.00
Prior Year Taxes on Average Residential Value Municipal			3,998.00
Proposed Increase in average residential taxes			453.00

**VII. Application Year Budget Information**

A. Year of latest revaluation/reassessment 2007

3. Proposed Budget – Appropriation and Levy Cap Information

Item	Yes	No
1. Was an appropriation cap index rate ordinance adopted last year? If YES: % that was used	X	
3.5%		
2. Amount of appropriation cap bank available going into this year		
\$949,795.21		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance	X	
\$		
4. Does the Application Year anticipate use of a waiver to exceed the levy cap? If YES, amount:	X	
\$1,131,462.00		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Employee Group Insurance	4,613,800.00	5,344,284.00	730,484.00
Reserve Uncollected Taxes	2,737,000.00	3,462,000.00	725,000.00
PERS			
PFRS - Combined	5,223,099.00	5,756,618.00	533,519.00
Police Salary & Wage	11,843,220.00	12,261,432.00	418,212.00
Reserve For Tax Appeals	150,000.00	300,000.00	150,000.00

D. List all new property tax funded full-time positions planned in the Application Year:

Department/Agency	Position	Number	Dollar Amount
	Non-Planned		

E. Display projected tax levies, local revenues (not grants), anticipated (gradually reduced) Transitional Aid, total salary and wages, and total other expenses projected for the three post-application years:

	Tax Levy	Local Revenues	Transitional Aid	Total S&W	Total OE
<b>First year</b>	<b>49,025,799.87</b>	<b>16,256,538.84</b>	<b>1,000,000.00</b>	<b>29,447,011.83</b>	<b>41,240,537.88</b>
<b>Second year</b>	<b>51,438,881.80</b>	<b>16,256,538.84</b>	<b>0</b>	<b>30,330,422.18</b>	<b>41,957,848.46</b>
<b>Third year</b>	<b>53,072,373.63</b>	<b>16,256,538.84</b>	<b>0</b>	<b>31,240,334.85</b>	<b>42,675,422.62</b>

### VIII. Financial Practices

#### A. Expenditure controls and practices:

Question	Yes	No
1. Is an encumbrance system used for the current fund?	X	
2. Is an encumbrance system used for other funds?	X	
3. Is a general ledger maintained for the current fund?	X	
4. Is a general ledger maintained for other funds?	X	
5. Are financial activities largely automated?	X	
6. Does the municipality operate the general public assistance program?		X
7. Are expenditures controlled centrally (Yes) or de-centrally by dept. (No)?	X	
8. At any point during the year are expenditures routinely frozen?		
9. Has the municipality adopted a cash management plan?	X	
10. Have all negative findings in the prior year's audit report been corrected?		X
If No, list those uncorrected as an appendix.		

#### B. Risk Management: Indicate ("x") how each type of risk is insured.

Coverage	JIF/HIF	Self	Commercial
General liability	X		
Vehicle/Fleet liability	X		
Workers Compensation		X	
Property Coverage	X		
Public Official Liability	X		
Employment Practices Liability	X		
Environmental	X		
Health	<b>SHBP</b>		
	X		

#### C. Salary and Employee Contract Information (when more than one bargaining unit for each category, use average):

Question	Police	Fire	Other Contract	Non-Contract
Year of last salary increase				2009
Average percentage increase	Arbitration	2.2625%	1.5%	0%
Last contract settlement date		12/01/2009	12/31/2009	
Contract expiration date		12/31/2011	12/31/2011	

Explain if any of the following actions have been taken or are under consideration for the Application Year:

Action	Police	Fire	Other Contract	Non-Contract
Furloughs (describe below)	– None	– None	CWA Union –(6) six Furlough Days  OPEIU Union - (6) Six Furlough Days  AFSCME Union – (4) Four Furlough Days	– None

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Wage Freezes (describe below)	- None	- None	OPEIU – July 1, 2010 wage freeze  AFSCME – July 1, Wage Freeze -	Non Union Personnel Wage freeze
Layoffs (describe below)	-	-	6	1
2 members CWA, 2 members AFSCME, 2 members OPEIU				

D. Tax enforcement practices:

Question	Yes	No
1. Does the municipality use the accelerated tax sale program?		X
2. When was the last foreclosure action taken or tax assignment sale held: <span style="float: right;">Date:</span>	11-20-09	
3. During 2009, on what dates were tax delinquency notices sent out: <span style="float: right;">Date:</span>	2/24, 5/20, 8/20, 12/9	
4. Date of last tax sale: <span style="float: right;">Date:</span>	10-20-09	

E. Specialized Service Delivery:

If the answer to either question is “Yes,” provide (as an appendix) a cost justification of maintaining the service without changes.

Service	Yes	No
Sworn police or firefighters are used to handle emergency service call-taking and dispatch (in lieu of civilians)		X
The municipality provides rear-yard solid waste collection through the budget NB - Residents pay a fee		X

F. Other Financial Practices

1. Amount of interest on investment earned in:

Prior Year:	\$361,113.45	Last Year:	\$ 88,856.58	Anticipated Application Year:	\$ 82,000.00
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2. List the instruments in which idle funds are invested:

Certificates of Deposit	
Money Market Account	
Cash Management Funds	
NJ State Cash Management	

3. What was the average return on investments during CY 2009?

.0015%
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4. When was the last time fee schedules were reviewed and updated?

Yearly
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F. Status of Collective Negotiation (Labor) Agreements: List each labor agreement by employee group, contract expiration date, and the status of negotiations of expired contracts.

<b>Employee Group</b>	<b>Expiration Date</b>	<b>Status of Negotiations of Expired Agreement</b>
AFSCME	12/31/2011	Completed – current contract
CWA (Supervisory& Non-supervisory)	12/3/2012	Completed
FMBA (FMBA & FSOA)	12/31/2011	“ “
OPEIU	12/31/2011	“ “
PBA	12/31/2008	Arbitration
SOA	12/31/2009	On hold pending PBA arbitration

**IX-A. Demonstrated reductions or actions that limited otherwise ordinary increases in Salary and Wage costs.  
(See item B-4 in Local Finance Notice 2010-14 for details)**

S&W Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
Township Manager Salary & Wage	697,804.28	675,000.00	Elimination funded Economic Development Director Position & lay off of Project manager position (\$125,513.00)
Accounting And Treasury Salary & Wage	187,509.60	240,500.00	Elimination of funded principle accountant position (\$90,000.00)
Planning Administration Salary & Wage	281,000.00	318,000.00	Elimination of the Assistant Planner position (\$63,321.94)
Police Department Salary & Wage	11,625,296.99	12,261,432.00	Elimination of two vacant Patrol Officers positions (\$98,706.32)
Fire Department Salary & Wage	8,148,498.39	8,202,988.00	Elimination of two (2) funded vacant positions (\$97,869.80)
Street Repair Maintenance Salary & Wage	423,298.95	447,000.00	Elimination of one (1) vacant maintenance worker position (\$34,160.13)
Traffic Salary & Wage	131,089.74	138,000.00	Elimination of one (1) maintenance worker (\$34,160.13)

Refuse Collection Salary & Wage	864,088.51	868,200.00	Lay off of four (4) temporary maintenance workers and lay off of one (1) fulltime maintenance worker (\$67,404.80)
Building Maintenance Salary & Wages	101,269.16	127,000.00	Elimination of one (1) vacant maintenance worker position (\$33,404.00)
Shade Tree Salary & Wage	151,653.35	233,000.00	Elimination of two (2) vacant maintenance workers positions (\$66,809.50)
Park Services Salary & Wage	490,631.85	481,596.00	Elimination of three (3) vacant maintenance workers positions (\$100,214.40)
Recycling Salary & Wage	593,322.00	584,000.00	Elimination of two (2) Temporary workers and two (2) vacant maintenance workers positions (\$84,811.74)
Administration of Social Services Salary & Wage	90,844.24	51,000.00	Layoff Coordinator and Secretary bookkeeper positions (\$42,000.00) – Entire Division eliminated
Recreation Programs Salary & Wage	60,068.43	549,500.00	Lay off (1) Recreation Coordinator & one (1) Secretary (\$47,253.00) Reduction Summer Program wages (\$60,000.00)
Various Lines			Furlough Days Six (6) Furlough Days - CWA Union Six (6) Furlough Days –OPEIU

			<p>Four (4) Furlough Days</p> <p>Wage Freeze – AFSCME</p> <p>Wage Freeze – OPEIU</p> <p>TO Day Give Back – FMBA/FSOA</p>
Recreation Programs Salary & Wage	616,670.18	549,500.00	Reduced the hours of municipal pools saving \$60,000.00 in salary & Wages

**IX-B. Demonstrated reductions or actions that limited otherwise ordinary increases in Other Expense or other costs. (See item B-6 in Local Finance Notice 2010-14 for details). Include changes in spending policies that reduce non-essential spending.**

Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
Special Arts Program 4 <sup>th</sup> of July	14,991.90	15,000.00 **Proposed amendment to eliminate	Elimination of 4 <sup>th</sup> of July Celebration Expenditures raised from private sources
Library Appropriation	3,783,749.00	3,083,749.00	Reduction in Library Expenditures
MECC Funding	326,274.00	236,774.00	Reduction in Early Childhood Education Expenditure
Montclair Arts Council	72,000.00	52,000.00	Reduction in Arts Council Expenditures
Various Departments			82% of departmental other expenses have been held constant or decreased over last year's budget amount [39% flat and 42% decreased]
First Night Celebration	36,605.00	0	Elimination of First night Activities

**IX-C. Evaluate existing local revenues, as to whether or not the rates or collections can be increased, and if so, how changes will be implemented. (See B-7 in Local Finance Notice 2010-14 for details)**





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### Section XI – Impact of Limited or No Aid Award

Describe in complete detail the impact if aid is not granted for the current fiscal year; **this priority setting requires that the municipality will maintain a minimum level of essential services.** List the appropriate category of impact if the aid is not received. Rank each item from both lists as to the order in which elimination will take place. If across the board cuts will be made, indicate under service. **For rank order purposes, consider the two sections as one list. The cuts outlined here are one that the municipality is committing to make if they do not receive aid.**

Rank Order	Department	# of Layoffs	Effective Date	2010 Full Time Staffing	2011 Full Time Staffing	\$ Amount to be Saved
1	Recreation Department	2	7/9/10	7	5	103,000
1	Community Services	7	7/9/10	79	71	133,000
1	Health Department –Social Services	2	7/9/10	2	0	92,000.00
1	Township Manager	1	5/1/10	10	9	100,000.00

\*\*The Township has already committed to considerable reductions in expenditures including layoffs, wage freezes and furloughs. The lack of aid will have the most impact by reducing the extreme impact the structural change created by a dramatic loss of revenues

If services will be reduced, describe the service, impact and cost savings associated with it.

Rank Order	Service	Cost Savings	Impact on Services
1	Elimination of Social Services	92,000.00	Limited Social Services Programs


**XII. Agreement to Improve Financial Position of Municipality**

**If aid is granted, are you willing to enter into a “memorandum of understanding” that will, among other restrictions and requirements:**

	Yes	No
1. Allow the Director of Local Government Services to assign management, financial, and operational specialists to assess your municipal operations	<input type="checkbox"/>	<input type="checkbox"/>
2. Implement actions as recommended by the Director to address the findings of Division staff	<input type="checkbox"/>	<input type="checkbox"/>
3. Enter into a Memorandum of Understanding	<input type="checkbox"/>	<input type="checkbox"/>

The undersigned herewith acknowledges the foregoing requirements with which the municipality must comply in order to receive aid as outlined above.

In addition, included with this application is a copy (printed or electronic) of the budget documentation that supports the budget calculation that was provided to the governing body.

Mayor \_\_\_\_\_ Date \_\_\_\_\_

Chief Financial Officer \_\_\_\_\_ Date \_\_\_\_\_

ATTEST: \_\_\_\_\_ Date \_\_\_\_\_

Municipal Clerk

**Attachment to Page 7**

**VIII. Financial Practices**

- A. 10. Audit Recommendations/2008 – That the Payroll account be reconciled on a monthly basis.
- C. AFSCME 1/1/09 – 1/31/11, CWA 1/1/10 – 12/31/12, OPEIU 1/1/09 – 12/31/11, FMBA 1/1/09 – 12/31/11, PBA 1/1/07 – 12/31/08